

Gary's Future: Challenges and Opportunities



July 27, 2016

Joe van Dyk, Director of Planning & Redevelopment

Planning, Zoning & Redevelopment...

- 1.** Guide zoning, planning and land use policy for Gary, and ensure development is consistent with the city's Comprehensive Plan
- 2.** Manage and plan demolition and blight remediation
- 3.** Staff the Gary Redevelopment Commission, the agency responsible for public financing, implementing economic development plans, and acts as custodian of municipal land



The Gary Redevelopment Commission...

...established under **IC 36-7-14**, Redevelopment Commissions act as separate taxing entities in Indiana communities; responsible primarily for Tax Increment Financing, municipal real estate, capital improvements, and blight elimination.

...5-member board: 2 appointed by Common Council
3 appointed by Mayor
1 non-voting school board member



Context...

Planning & Redevelopment efforts began by gathering concrete information through data collection. Since 2012, we've worked to better understand the city's inventory of land, the scale of blight, the number of vacant buildings and abandoned land in Gary, tax collection rates, and property ownership citywide.



Context...

Gary has seen a **56% decline in population** in the last 50 years.

2010 General Fund budget: **\$100MM**

2016 General Fund budget: **\$54MM**

Gary is **25%** the size of Chicago by area... but only **3%** by population.

The **City of Gary Parcel Survey** found...

... one in five buildings in Gary is vacant (21%, 6,902 total)

... nearly two in five buildings in Gary are blighted (37%, 12,394 total)

... 42% of land in Gary is vacant with no structure

Numerous city plans have not been implemented, despite active public participation, and development has been stymied for years...



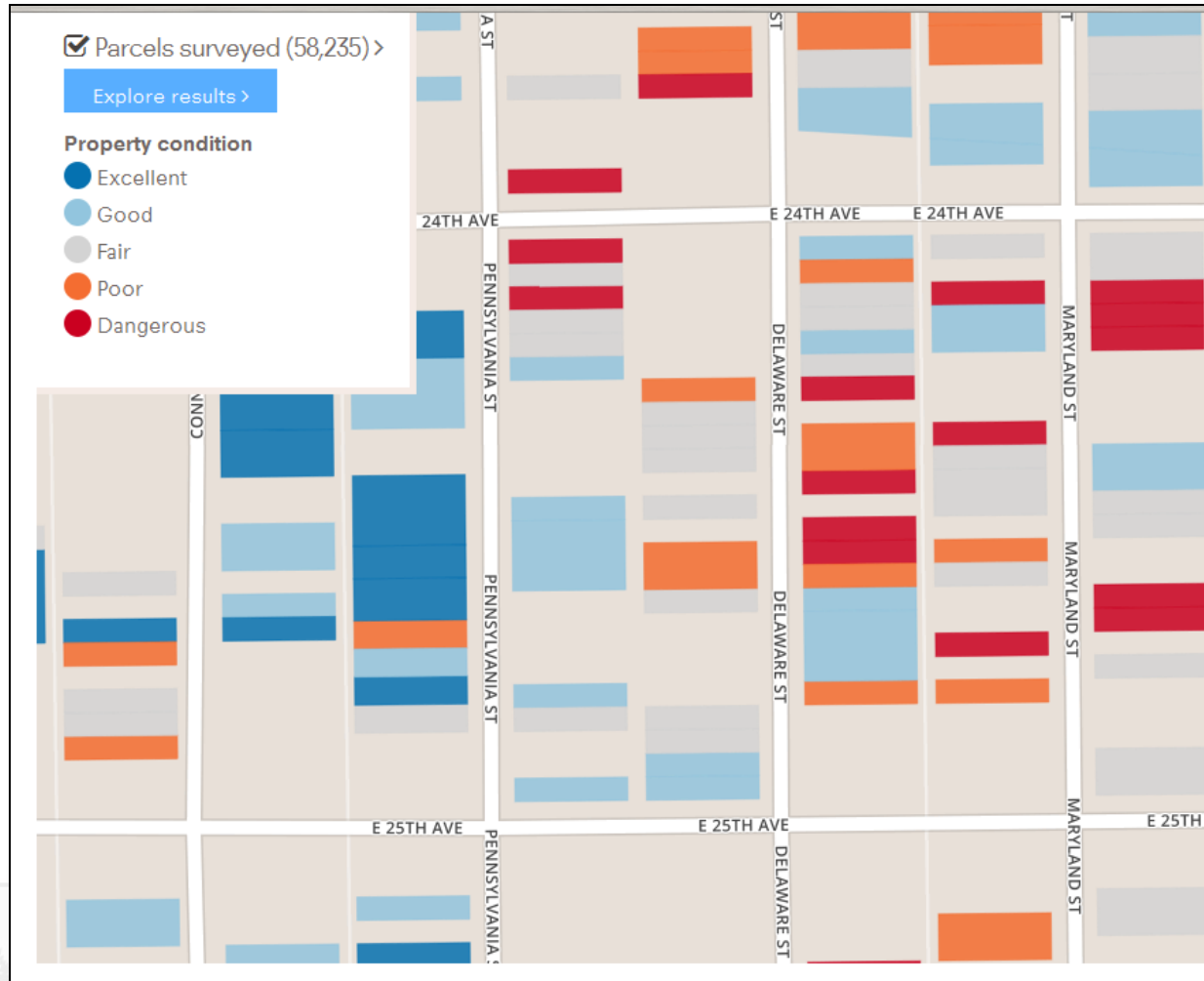
Barriers to Redevelopment...

1. Diminishing Property Tax Revenue:

- ... inconsistent (and often very low) tax revenue requires **fewer residents** to pay a **higher cost** for city services delivered with fewer resources than ever
- ... property **tax caps** severely limit potential municipal tax revenue
- ... one in five properties (nearly 12,000) is **on tax sale every single year**, leaving the city and its residents to endure neglected, abandoned property, creating greater demand for city services
- ... many residents who would typically pay taxes face **financial hardship** and fall behind
- ... **inconsistent assessments**, lead to more appeals and taxpayer wariness
- ... the **tax sale system is manipulated** by out of state speculators, lien-purchasing entities, and irresponsible “owners” which leads to a revolving door of ownership, inconsistent tax collection, and continued negligence of vacant buildings

Barriers to Redevelopment...

2. Staggering Blight & Abandoned Buildings:



1 in 4 properties vacant or abandoned

2 in 5 buildings in disrepair

1 in 5 properties on tax sale every single year

6,500 buildings abandoned

\$100MM estimated cost to demolish all vacant buildings in Gary

Barriers to Redevelopment...

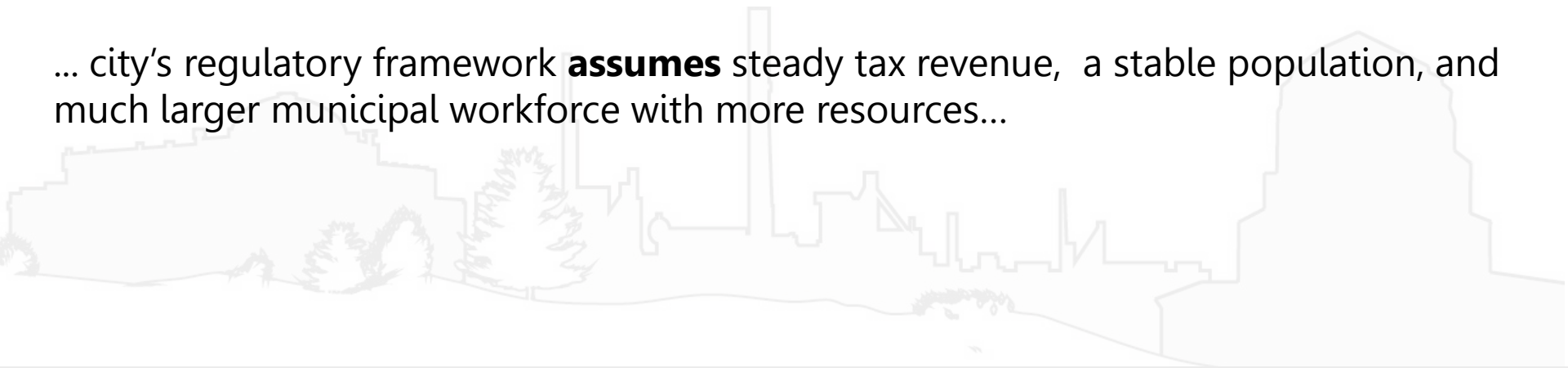
3. Outdated Ordinances and Regulations:

... zoning ordinance and codes are outdated, largely **unaltered since the 1960s**, and reflect a growing city of 200,000 people.

... business regulations and zoning are cumbersome, **outdated**, and difficult to follow or enforce

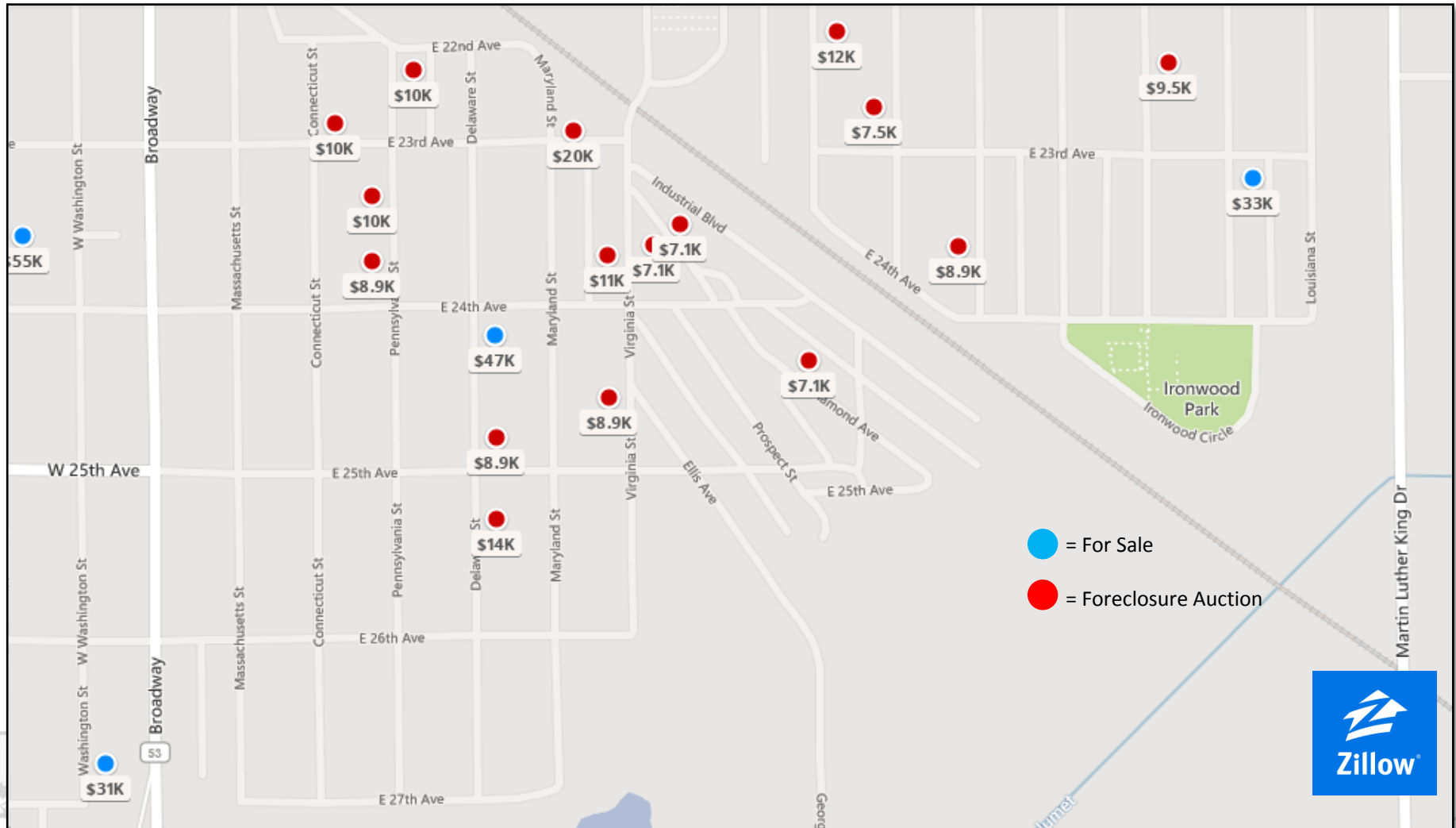
... inequitable and **inefficient code enforcement** process leads to long delays in fixing basic issues with property maintenance

... city's regulatory framework **assumes** steady tax revenue, a stable population, and much larger municipal workforce with more resources...



Barriers to Redevelopment...

4. Little Market Value:



Barriers to Redevelopment...

5. No Contiguous Land for Development:

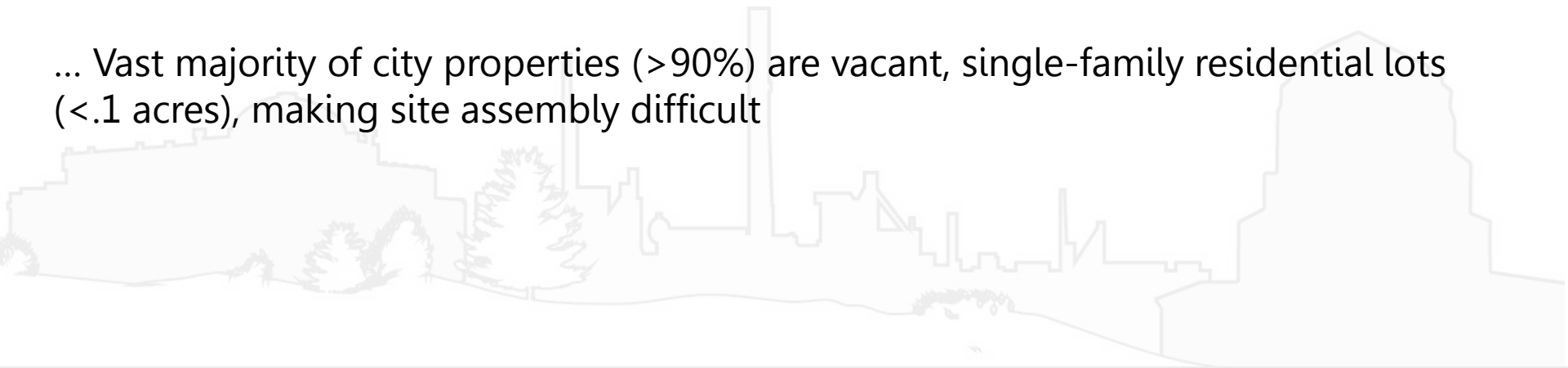
... In spite of land being available, there is no contiguous land available in the city where investment and redevelopment can take place.

... We hear regularly from brokers who represent investors who want large lots, but we too often are unable to meet their needs and they choose to invest elsewhere.

... Even land around the airport is not contiguous, creating additional challenges.

... The largest city-owned parcels have serious environmental issues (brownfields, wetlands) that add significant up front costs to basic development. Developers simply move on.

... Vast majority of city properties (>90%) are vacant, single-family residential lots (<.1 acres), making site assembly difficult



The Challenge of Site Assembly...

A single blighted block:

common parcel size: .07 acres

common block: 48 parcels

+/- 48 title reports

+/- 48 tax deeds

+/- 48 quiet title actions

Legal fees and associated costs for a tax deed
donated to the City by Lake County average
roughly \$1,800 each after quiet title.

48 x \$1,800 = \$86,400

2016 Professional Services budget: **\$110,000**



Serious Development Challenges...

1. Diminishing Tax Revenue
2. Staggering Blight and Abandonment
3. Outdated Ordinances and Regulations
4. Inactive, Poor Real Estate Market
5. No Contiguous Land for Development



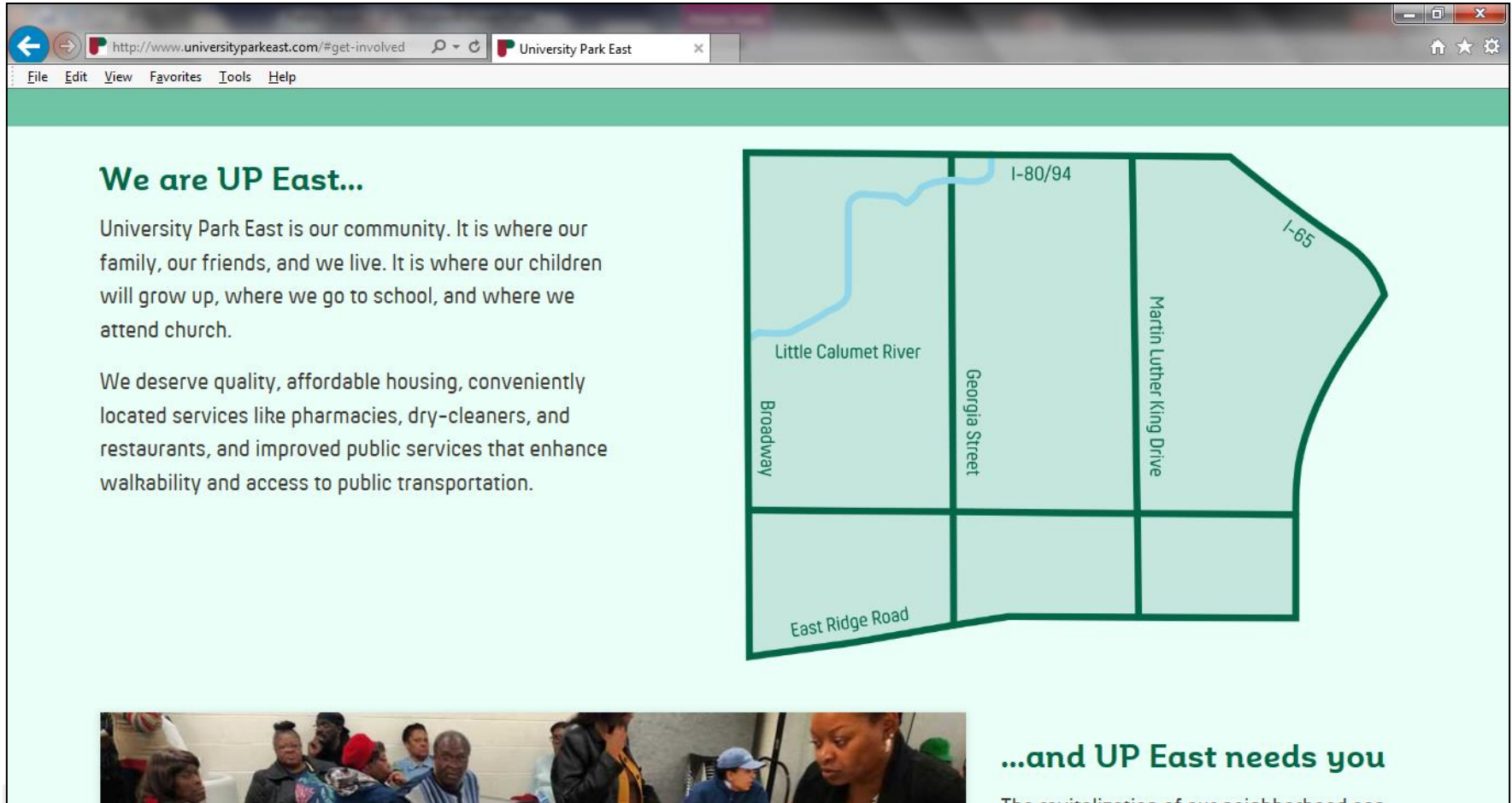
Cultivating Tools...

Existing Plans: Good planning work has already been done by previous administrations that speaks to Gary's challenges, reflects robust community input, and provides valuable insight.

University Park Plan (2004, being updated currently) – Focuses on building on IU Northwest and Ivy Tech as opportunities to attract neighborhood amenities and includes elements from the Vision for Broadway report (2009). Through a HUD Choice Neighborhoods planning grant, community meetings are ongoing and infrastructure improvements are underway.

Gary Green Link (2005) – Led by Environmental Affairs department, creates a contiguous pedestrian/bike path through each of Gary's neighborhoods and unique natural ecosystems. Bike trail north of 4th Avenue completed along Grand Calumet River, another segment will be constructed in the coming year. Opportunity exists to connect to larger regional and interstate bike and trail systems. Opportunity exists to build out unique natural areas through stormwater management and green infrastructure.

University Park Plan (ongoing)...



The screenshot shows a web browser window with the address <http://www.universityparkeast.com/#get-involved>. The page has a green header and a light green background. On the left, there is text about the community. On the right, there is a map of the area. At the bottom left, there is a photo of a group of people. At the bottom right, there is more text.

We are UP East...

University Park East is our community. It is where our family, our friends, and we live. It is where our children will grow up, where we go to school, and where we attend church.

We deserve quality, affordable housing, conveniently located services like pharmacies, dry-cleaners, and restaurants, and improved public services that enhance walkability and access to public transportation.

The map shows the Little Calumet River, Broadway, Georgia Street, East Ridge Road, I-80/94, I-65, and Martin Luther King Drive.

...and UP East needs you

The revitalization of our neighborhood...

<http://www.universityparkeast.com/#get-involved>

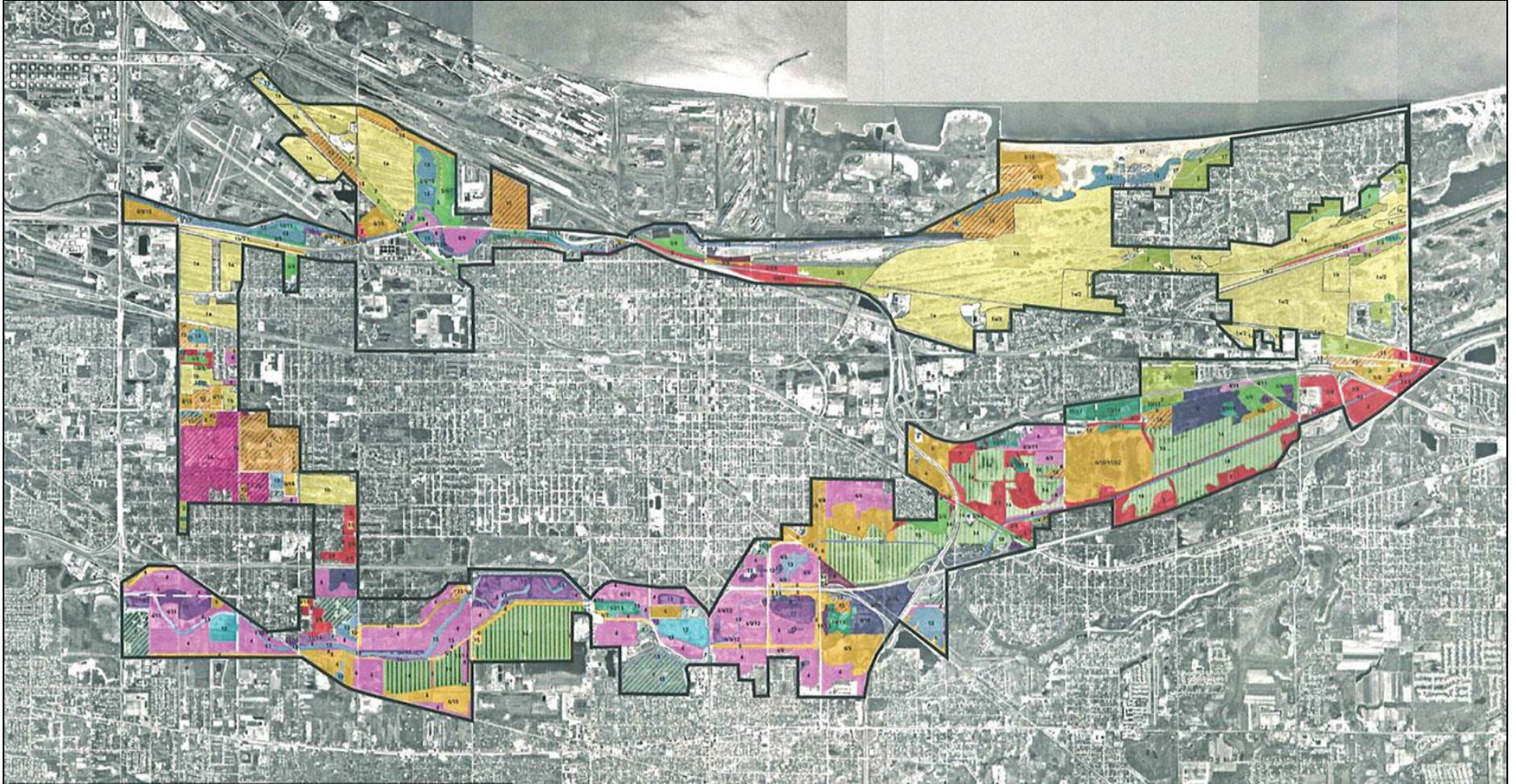
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Gary Green Link (2005)...



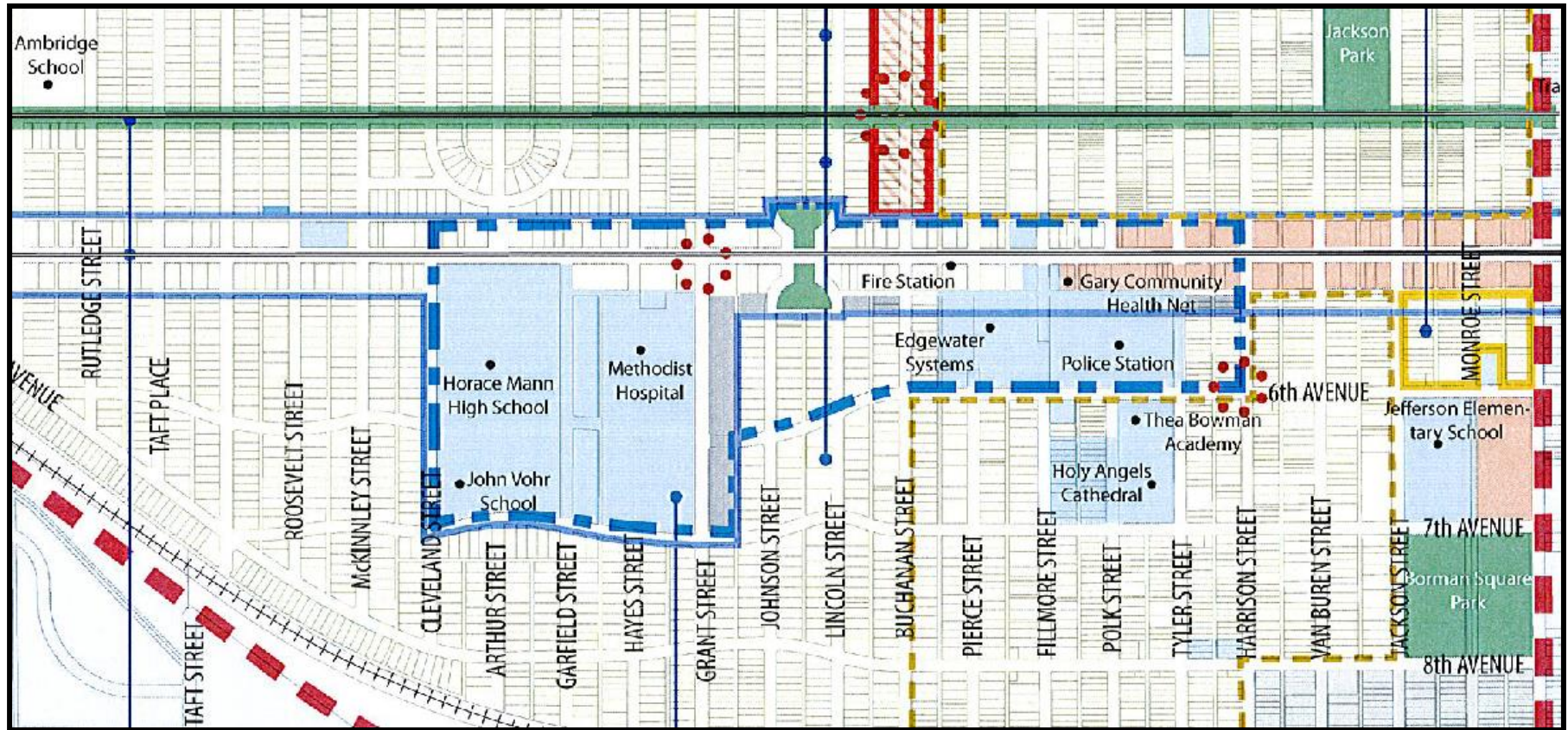
Cultivating Tools...

Gary Comprehensive Plan (2008): Official guiding document adopted by the Gary Common Council by state statute. Very thorough enabling document. Official reference for the Plan Commission, Board of Zoning Appeals, and City Council to ensure development, housing, and land use are consistent with citizen's vision.

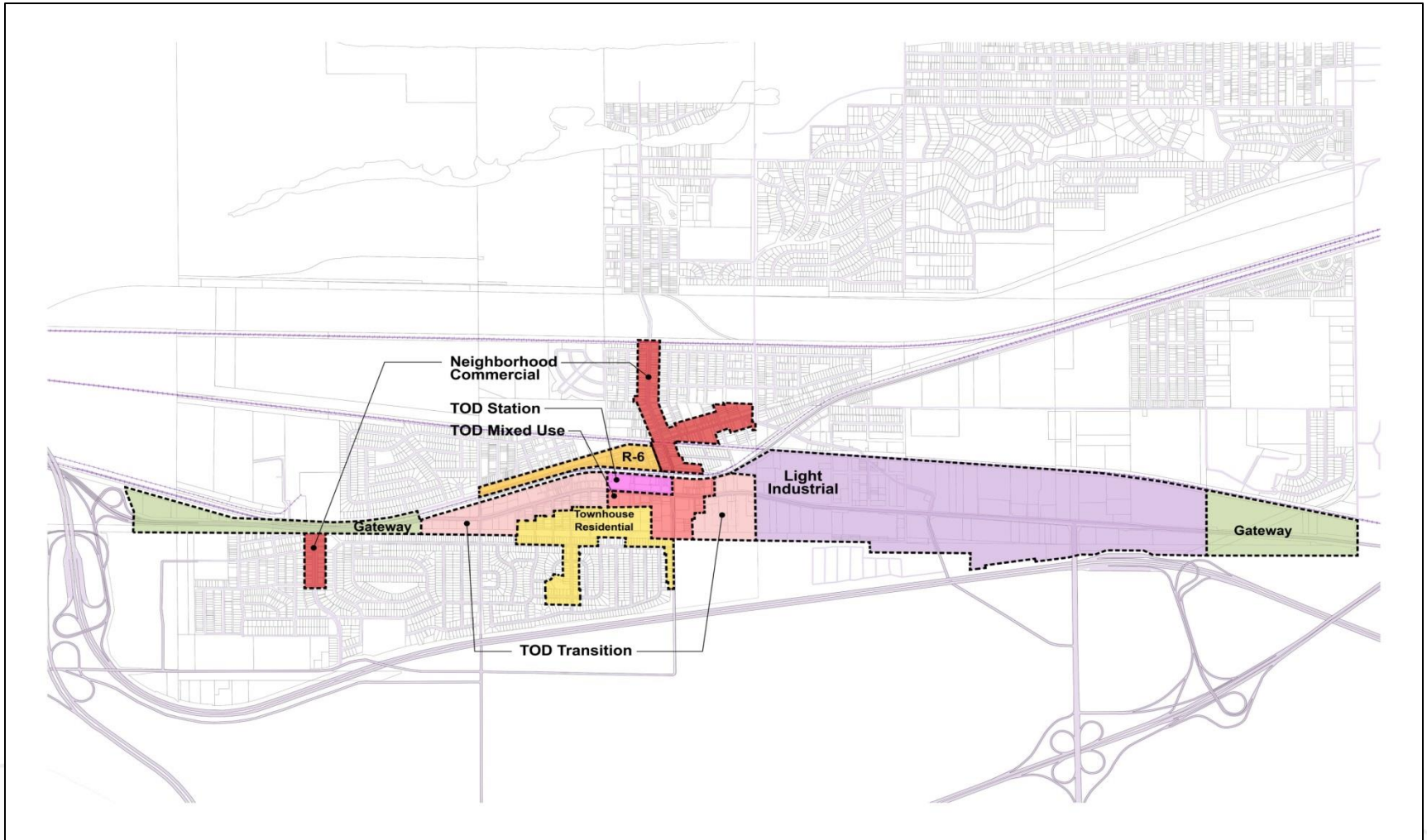
Current Efforts: Building on the concepts and ideas presented in these plans, the city administration has worked with a vast number of partner organizations to gain more public input. Through our Strong Cities, Strong Communities (SC2) designation, resources have gone to focus on several neighborhoods within **Gary's Northside Redevelopment Project** and **University Park** to better articulate plans already adopted by the city council and Gary Public Transportation Corporation's **Livable Broadway Plan (2015)** and connect them to actionable steps and updates to our city codes and ordinances.



GNRP: Creating Livable Centers (2016)...



GNRP: East Lakefront District (2016)...

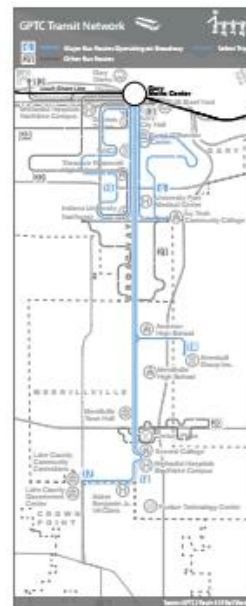
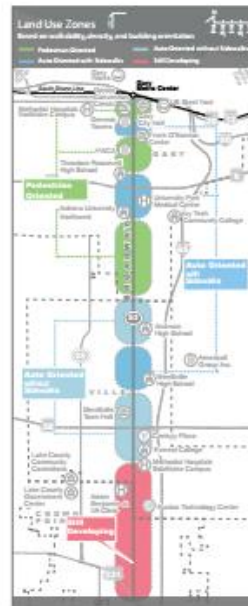


GPTC Livable Broadway (2015)...



The Livable Broadway Regional Plan – Its Purpose

- Create a vision for growth and development of the Broadway corridor in the City of Gary, Town of Merrillville and City of Crown Point
- Integrate transit and land use planning through transit-supportive development
- Improve the frequency, speed and reliability of transit service in the corridor
- Improve the pedestrian environment surrounding transit stops
- Improve customer access to transit



For more information, please visit www.livablebroadway.com

Existing Conditions

Transit and Transportation

- Transit service between Gary Metro Center and 93rd Avenue, connecting Gary, Merrillville and Crown Point
- Transit connections to the region's South Shore railroad, and inter-city bus service
- Broadway, a roadway with ample vehicle capacity in most locations

Employment

- Three strong employment sectors: Health Care, Educational Services, and Retail Trade

Land Use and Walkability

- Varied land uses from north to south:
 - Classified as pedestrian oriented, automobile oriented with sidewalks, automobile oriented without sidewalks and still developing (see Land Use Zones graphic)

- No sidewalks or crosswalks in some areas
- Prominent institutional uses throughout providing a basis for enhanced development and improved transit
- Areas where population density and employment can be enhanced with rapid bus service

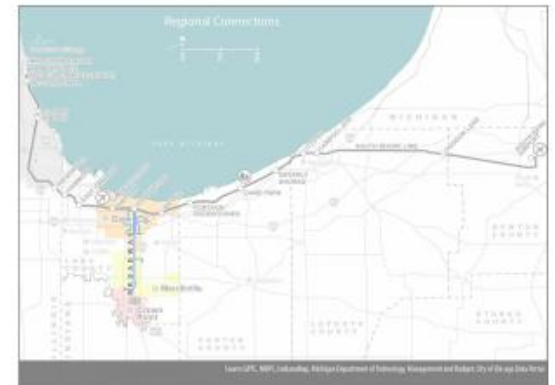
Bicycle Connections

- Links to the Northwest Indiana regional trail network via the Little Calumet Trail, Oak Savannah Trail, and Chesapeake Ohio Trail
- Buses equipped to carry bikes

Corridor Employment Sectors



Source: ICS Corridor Survey, Bellingham Applied and ICS Strategic Planning, Inc.



Current Conditions report available at www.livablebroadway.com

Cultivating Tools...

Federal Partnerships: Through partnerships with the EPA, HUD, DOT, Dept. of Treasury and the Strong Cities Strong Communities program, we've been able to fund demolition, update planning efforts, modernize zoning codes, and fund brownfield remediation.

Code Enforcement Restructuring: Gary won a 2015 Technical Assistance scholarship from the Center for Community Progress (Flint, MI) to review code enforcement inefficiencies and establish a data-driven code enforcement program.

Senate Bill 310: Earlier this year, the state assembly passed measures to hold serial tax delinquents accountable and enable redevelopment commissions to more efficiently divest of property.

Public-Private Partnerships: Garmong, Shrewsberry, AFCO/AvPorts, Taft Stettinius & Hollister LLP, and others share both the costs and the benefits to bring more resources to bear on a variety of projects.

Senate Bill 310...

... **if** an “investor” purchases ten or more properties on tax sale...

... **and** those properties end up back on tax sale due to delinquent taxes...

...**then** the county or city can petition a court to compel the “investor” to pay their taxes or give up the properties.

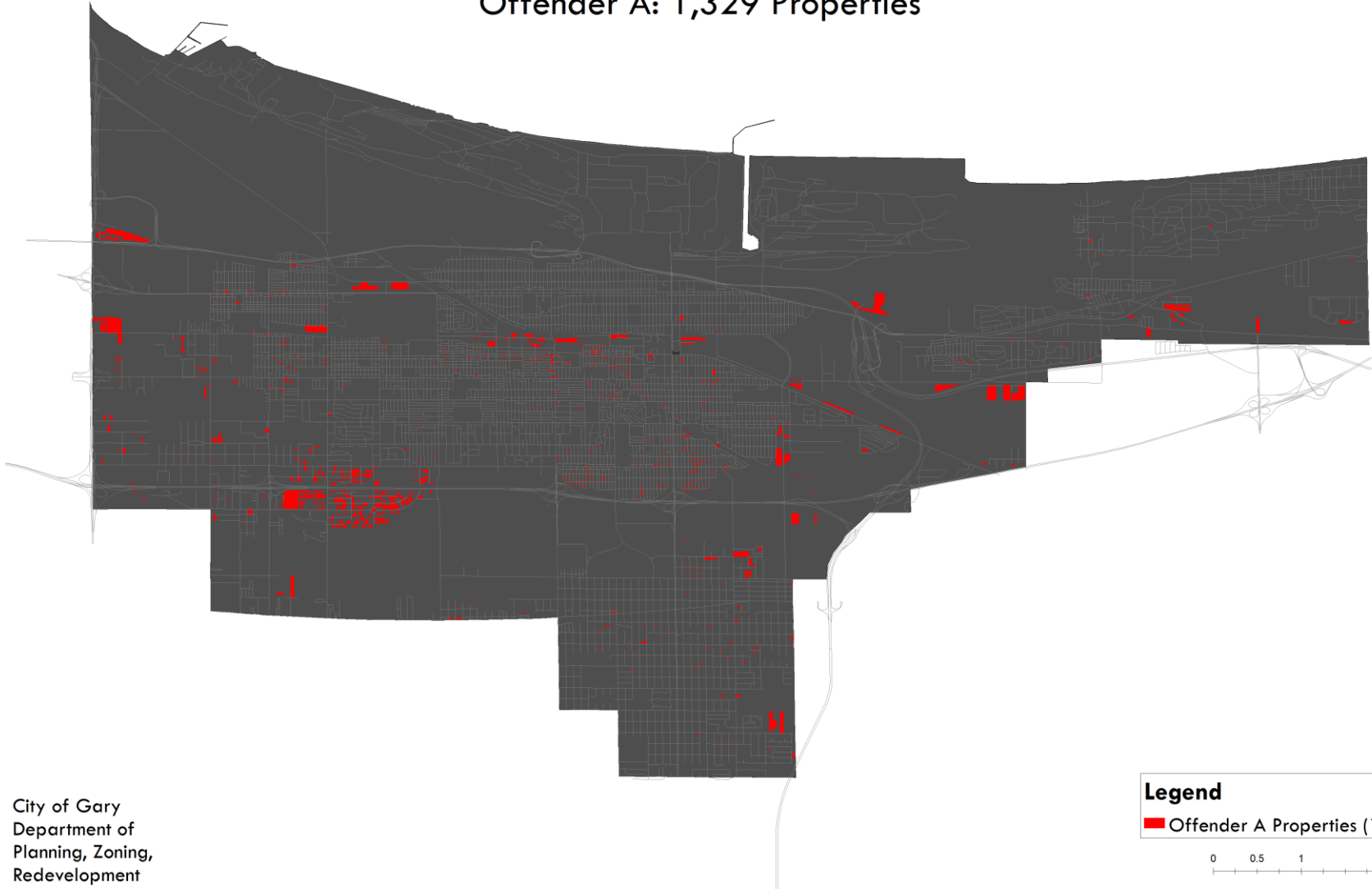
Taxpayers and local governments cannot afford to subsidize irresponsible behavior



Senate Bill 310...

Serial Delinquent Properties

Offender A: 1,329 Properties

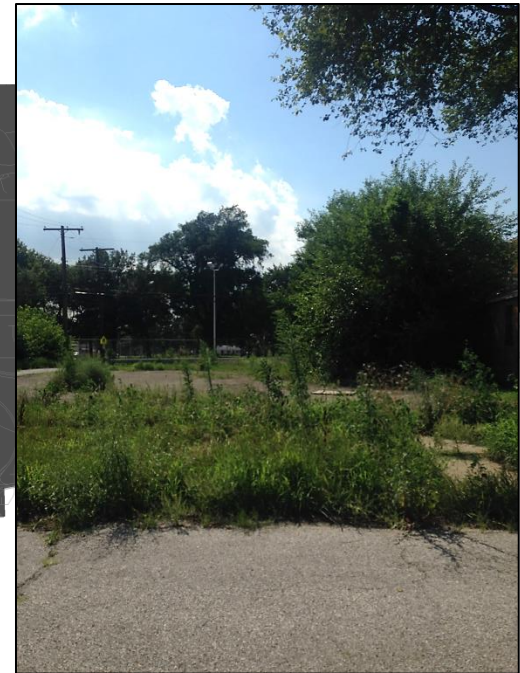
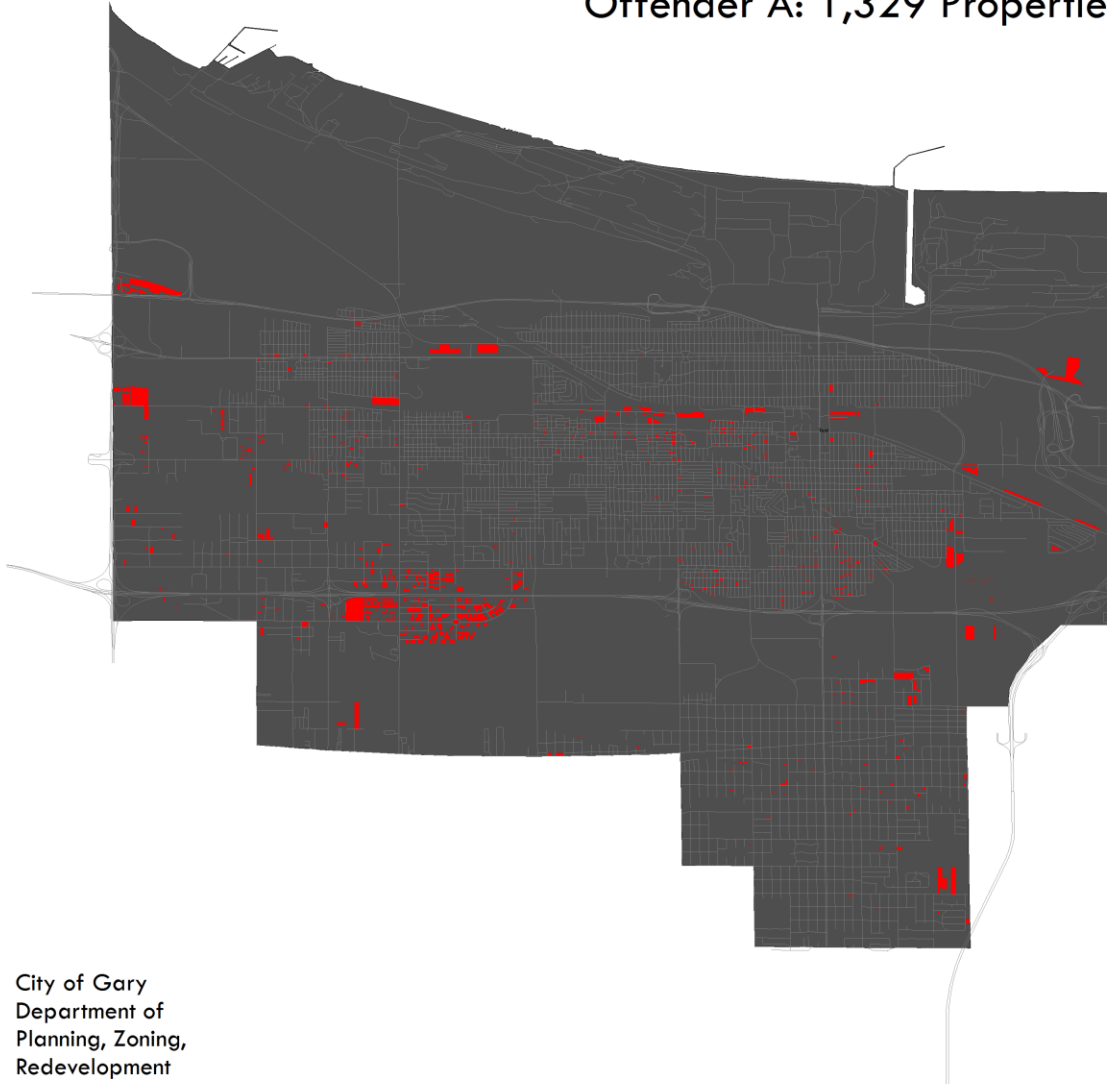


City of Gary
Department of
Planning, Zoning,
Redevelopment

Senate Bill 310...

Serial Delinquent Properties

Offender A: 1,329 Properties



City of Gary
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Legend

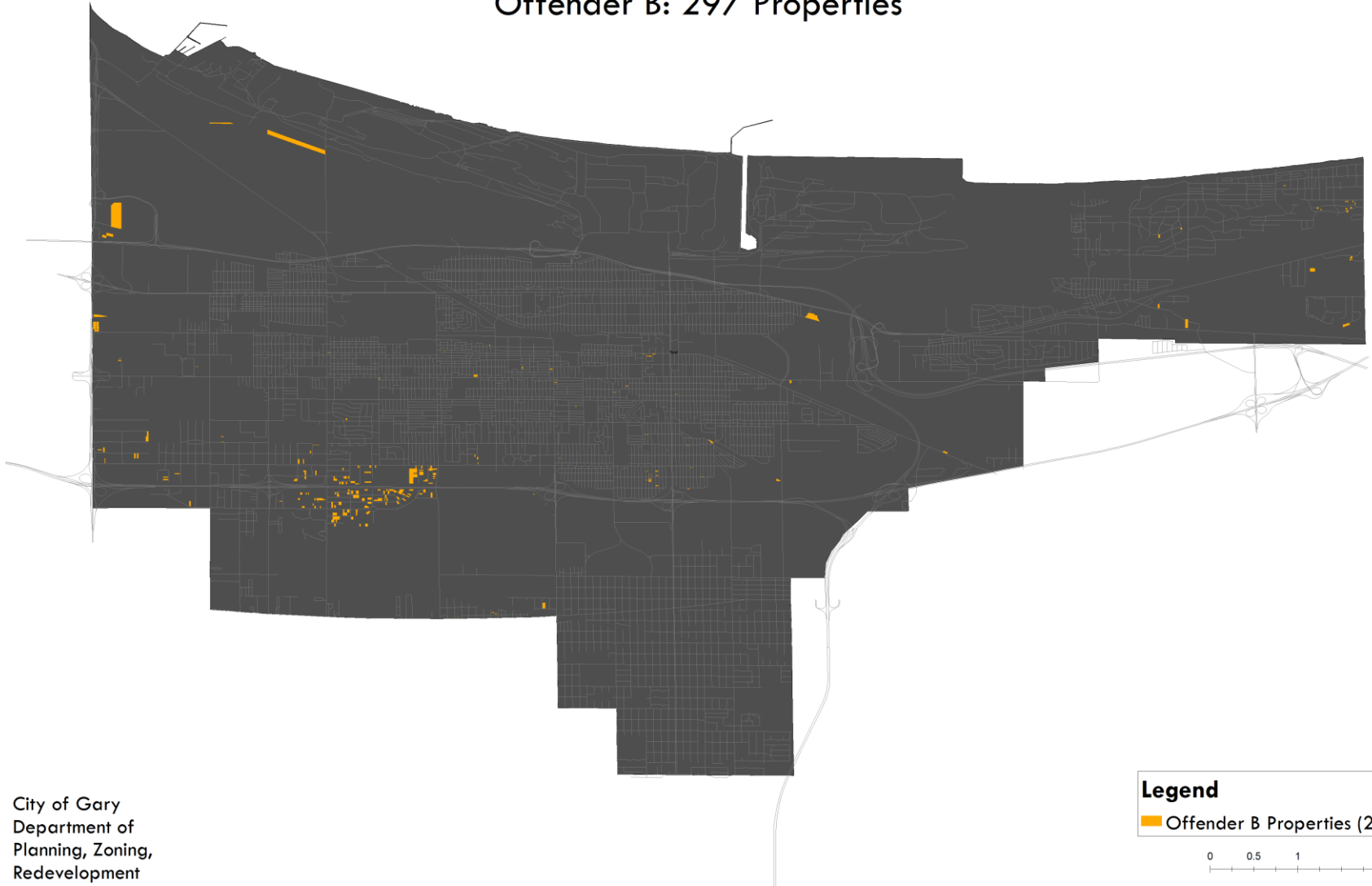
■ Offender A Properties (1,329)

0 0.5 1 2 Miles

Senate Bill 310...

Serial Delinquent Properties

Offender B: 297 Properties

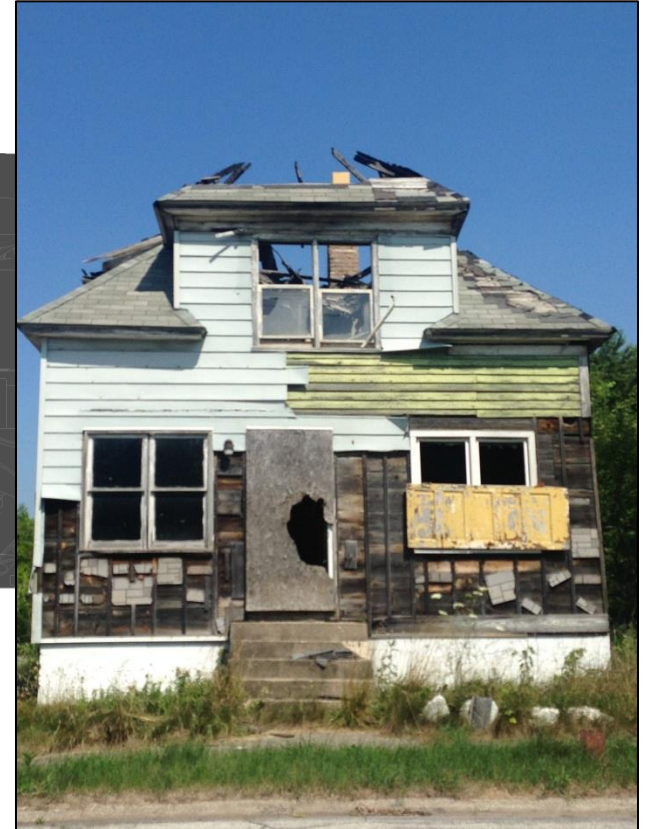
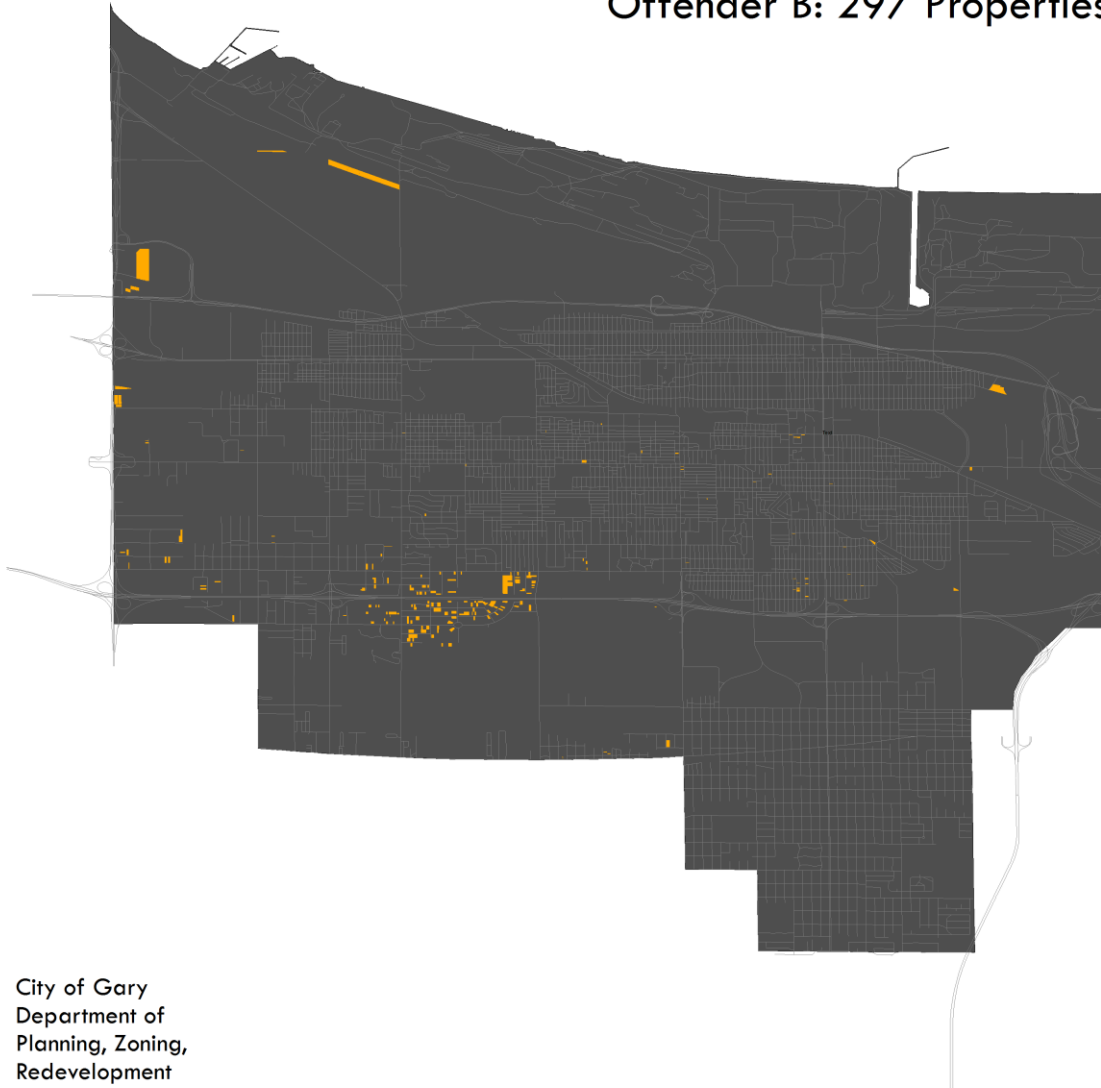


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Senate Bill 310...

Serial Delinquent Properties

Offender B: 297 Properties



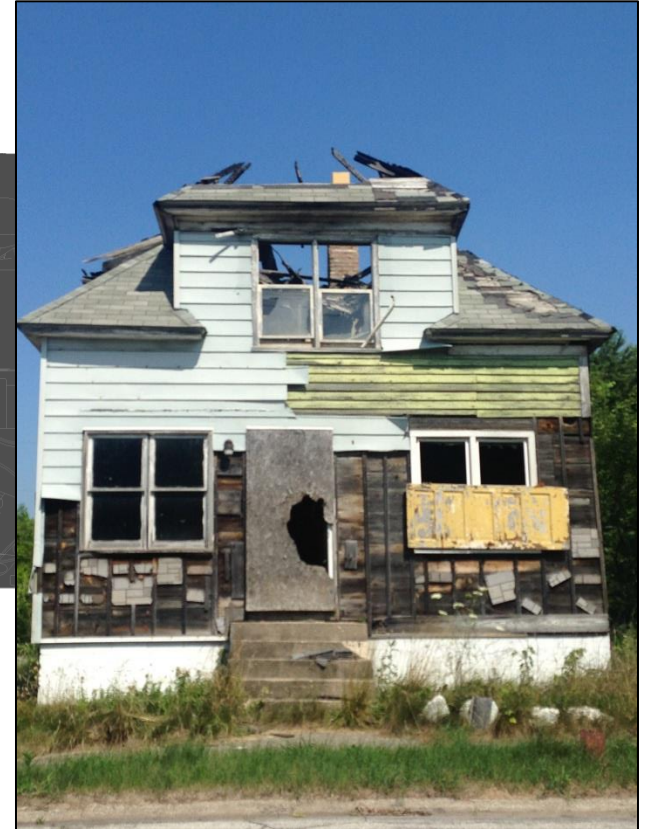
Legend

Offender B Properties (297)

0 0.5 1 2 Miles

Senate Bill 310...

Serial Delinquent Properties Offender B: 297 Properties



City of Gary
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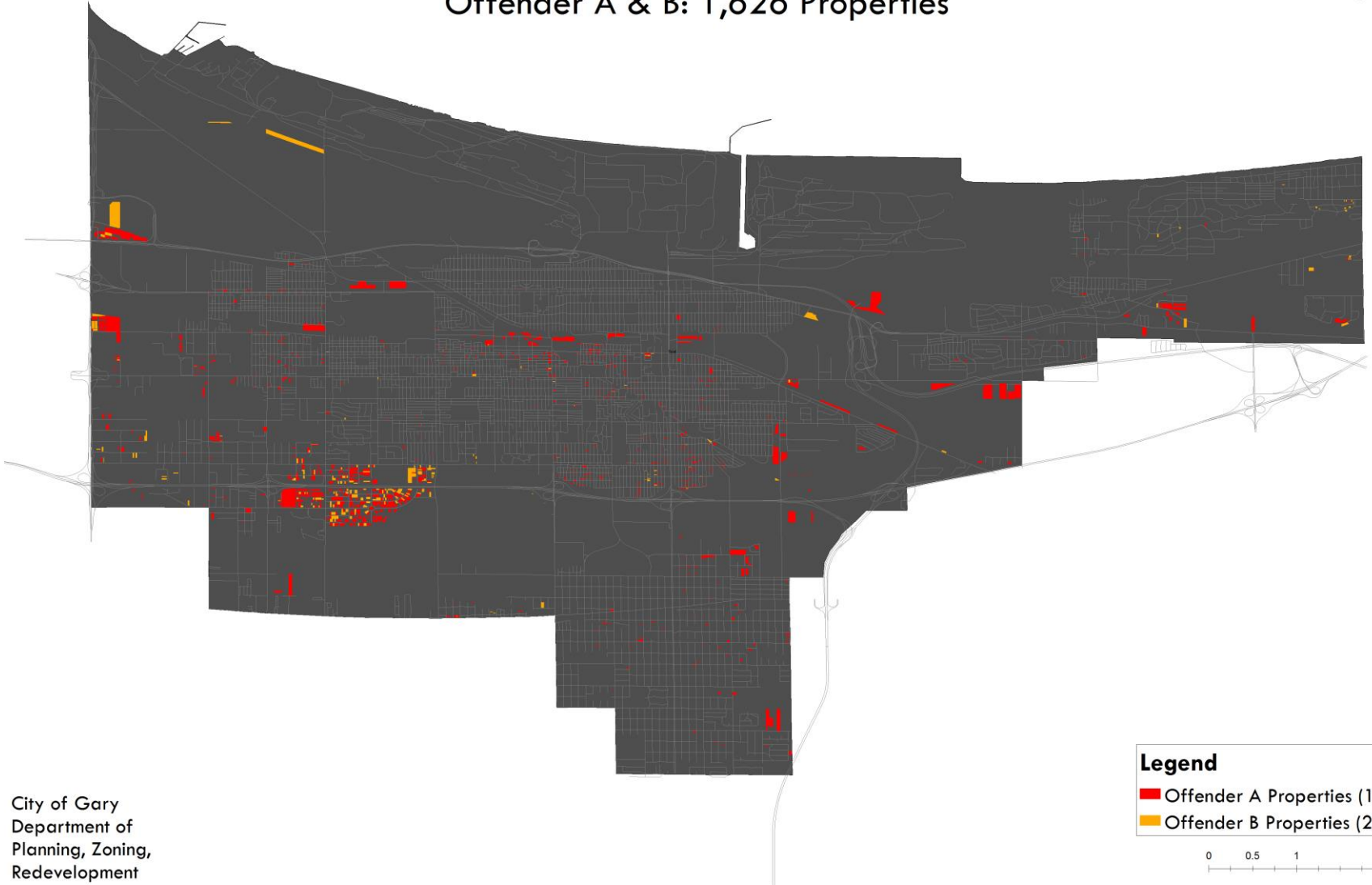
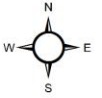
Legend

Offender B Properties (297)

0 0.5 1 2 Miles

Senate Bill 310...

Serial Delinquent Properties Offender A & B: 1,626 Properties



City of Gary
Department of
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Cultivating Tools...



Code Enforcement Restructuring



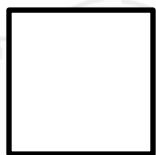
Brownfield Remediation Pipeline



Hardest Hit Blight Elimination Fund



Neighborhood-level Planning



Site Assembly

Serious Development Challenges...

1. Diminishing Tax Revenue
2. Staggering Blight and Abandonment
3. Outdated Ordinances and Regulations
4. Inactive, Poor Real Estate Market
5. No Contiguous Land for Development



Gary Faces Very Serious Challenges...

1. Diminishing Tax Revenue
2. Staggering Blight and Abandonment
3. Outdated Ordinances and Regulations
4. Inactive, Poor Real Estate Market
5. No Contiguous Land for Development

6. Jobs!



The status quo is unacceptable...

Blight in Gary suffocates the city; hurts legacy residents; and destroys growth, investment and job creation opportunities.

Public resources alone are not remotely sufficient to address the scale of our challenges.

There is no blueprint for this because in city after city nothing has worked.

We need a new, innovative solution



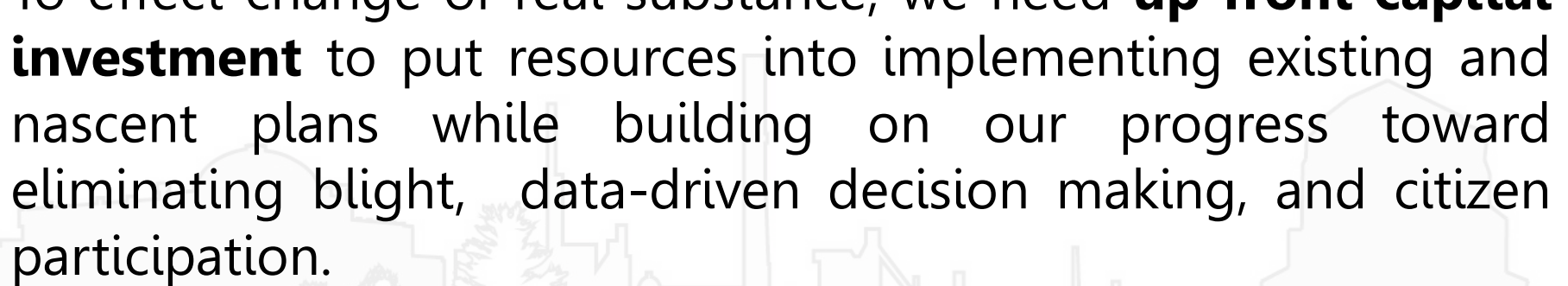
The Next Logical Step...

... Gary needs a creative, thoughtful, and innovative approach to protect legacy residents by combatting blight and transforming the city

... We don't have the resources to hire or fully engage on our own

... The next logical step is to find a private sector partner who can assist our efforts to revitalize the city. There is no blueprint for how this is supposed to work because nothing has.

To effect change of real substance, we need **up front capital investment** to put resources into implementing existing and nascent plans while building on our progress toward eliminating blight, data-driven decision making, and citizen participation.



Addressing Our Three Problems...

The Redevelopment Commission's Partner Must:

- 1. Provide up-front capital investment** to advance redevelopment projects
- 2. Be an expert in community development**
- 3. Have the ability to identify, market, and leverage Gary's underperforming assets** including vacant land, infrastructure capacity, and untapped partnership opportunities
- 4. Hold an expertise in marketing and communications** with the capacity to oversee and fund a robust community engagement program to **ensure residents are engaged** and aware of the City's efforts



Redevelopment RFP Interest and Response...

...There was significant interest in the RFP and we received many inquiries from a range of potential partners.

... Almost everyone wanted to know about the Redevelopment Commission's budget for implementing the RFP.

... Consistent with the RFP, there is no redevelopment budget beyond internal administrative and operating costs. We are seeking a public-private partnership where our private sector partner makes **significant up front capital investment** in the City.

... Only one team, MaiaCo, seriously responded and we are currently negotiating with them.

... this will not be the only time we will issue an RFP. MaiaCo will not be the only group we partner with.

Addressing (Earnest) Concerns...

Is Gary ceding control to an outside entity? No.

1. All land will be owned by the Gary Redevelopment Commission; any abandoned land acquired will be owned by Gary Redevelopment Commission.
2. MaiaCo will work jointly with the Dept. of Planning and Redevelopment to develop an annual action plan that must be approved by the Redevelopment Commission each year.
3. MaiaCo will submit quarterly reports, outlining all expenses and action taken, subject to acceptance of the Redevelopment Commission.
4. No development can take place without the city's normal approval processes: Redevelopment Commission, Plan Commission, BZA, Site Plan Review Committee, and City Council exercise

Addressing (Earnest) Concerns...

What about local involvement?

1. Within six months, MaiaCo will work with the Dept. of Planning and Redevelopment to create a community engagement plan for any ongoing planning including zoning updates, neighborhood-level planning, etc. All planning is premised on citizen participation.
2. Within six month, MaiaCo is required to hire a Gary resident to serve as a local point of contact for businesses interested in working with the P3, residents interested in opportunities, and connecting both to potential job opportunities.
3. In order for MaiaCo to be credited with any investment, they must submit documentation to the Redevelopment Commission showing they first contacted Gary businesses, then those in Northwest Indiana, before choosing anyone's services.

Addressing (Earnest) Concerns...

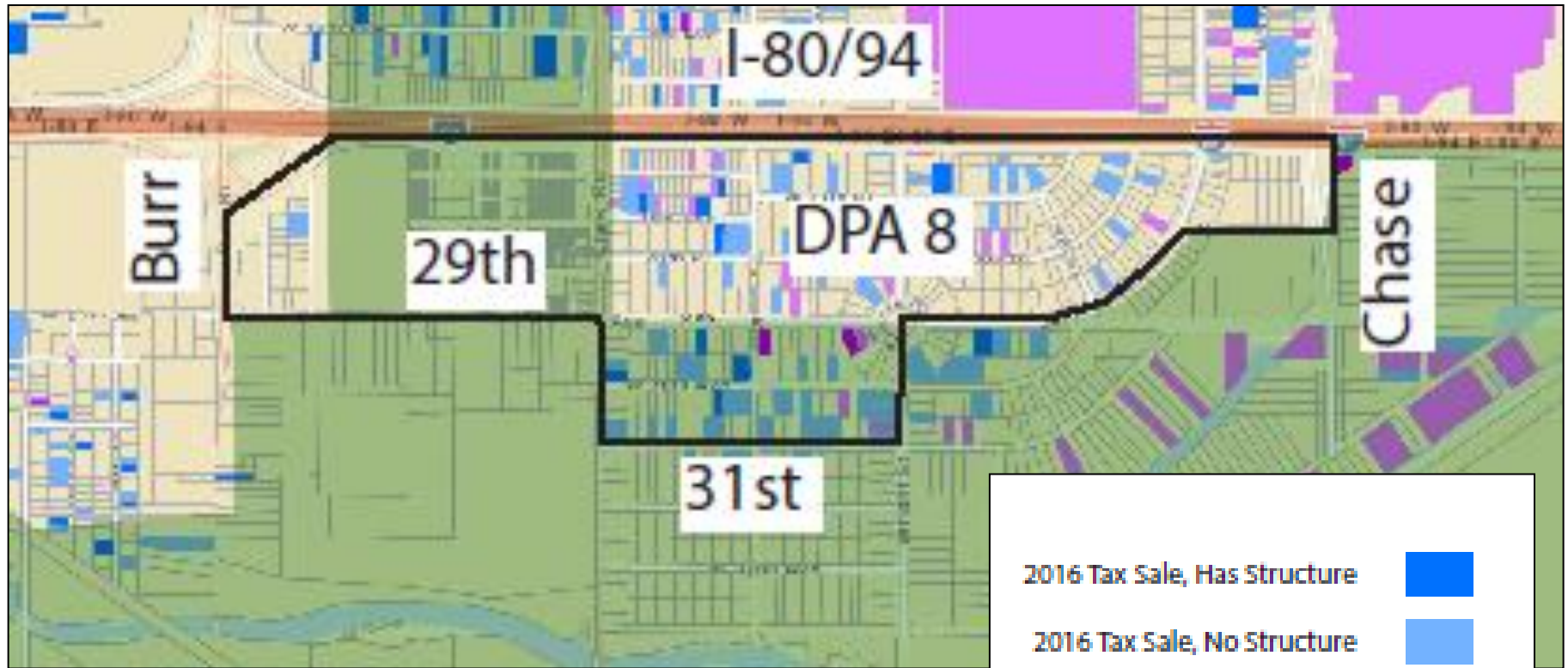
Will eminent domain be used to force residents out? NO!

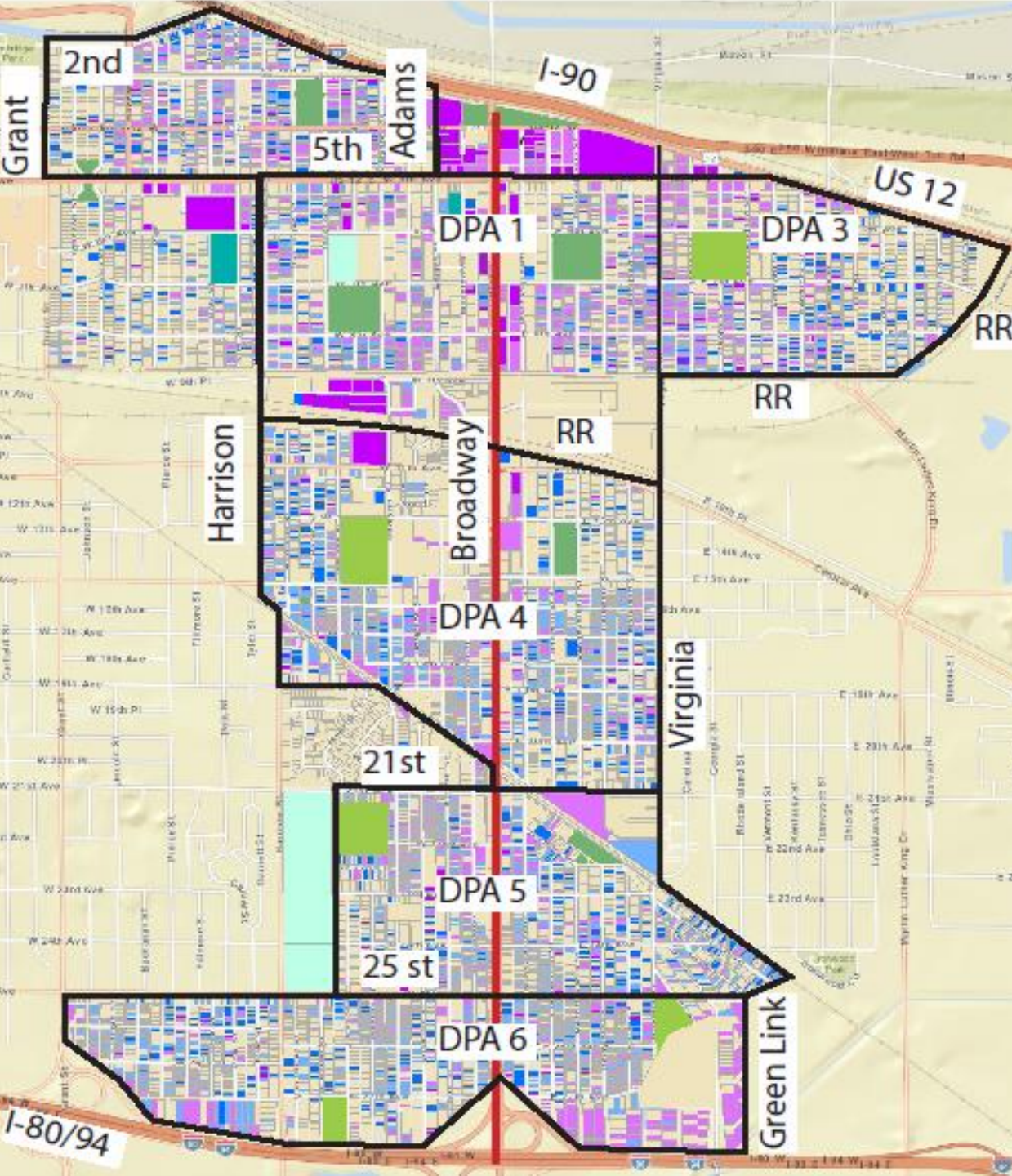
1. The Redevelopment Commission does not have the authority to even use eminent domain, nor have we considered it. That would have to be approved by the Common Council.
2. The areas we are targeting are limited to only the most vacant areas, with the most abandoned property on tax sale.



Addressing (Earnest) Concerns...

The areas we are targeting for redevelopment are limited to only the most distressed areas, with the most abandoned property on tax sale.





2016 Tax Sale, Has Structure



2016 Tax Sale, No Structure



City Owned, Has Structure



City Owned, No Structure



2016 Tax Sale, Has Structure



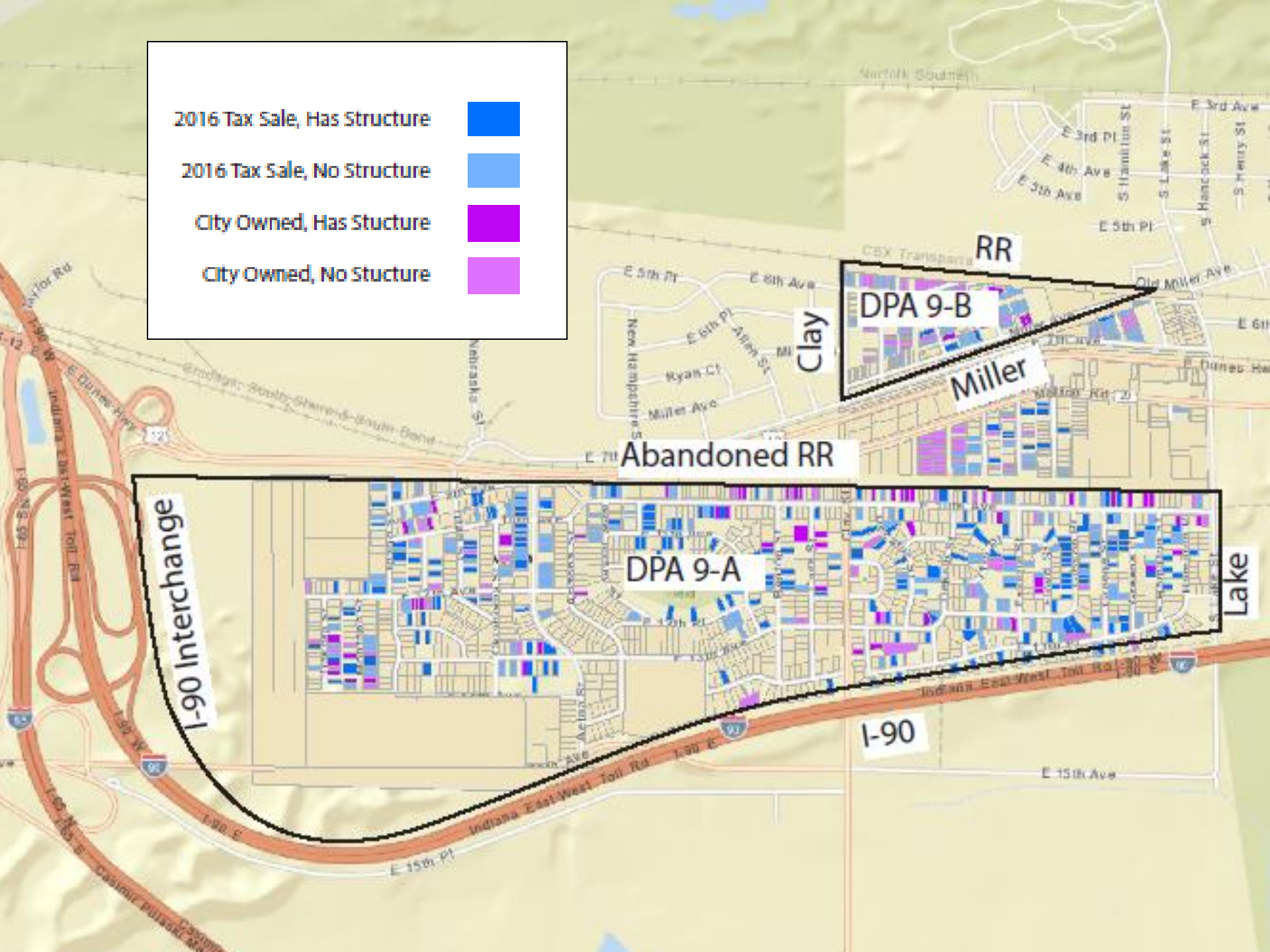
2016 Tax Sale, No Structure



City Owned, Has Structure



City Owned, No Structure



Terms...

MaiaCo will spend money and resources up front to bolster the efforts of what the City is already doing. They only see a return if/when property is developed down the road. They get 65% of profits from the property sale, and the Redevelopment Commission will receive 35%.

Milestones: Yr 1: \$1,000,000 direct investment
Yr 2: \$2,000,000 direct investment
Yr 5: \$5,000,000 direct investment

If they do not reach the above milestones, the deal is null and void. MaiaCo will recoup their paid expenses over time (as property is sold in the normal course of city development).

Milestones: Yr 10: \$1,000,000 direct investment
Yr 20: \$15,000,000 direct investment

If they do not reach these milestones, the city gets 65% of profits, and MaiaCo receives 35%.



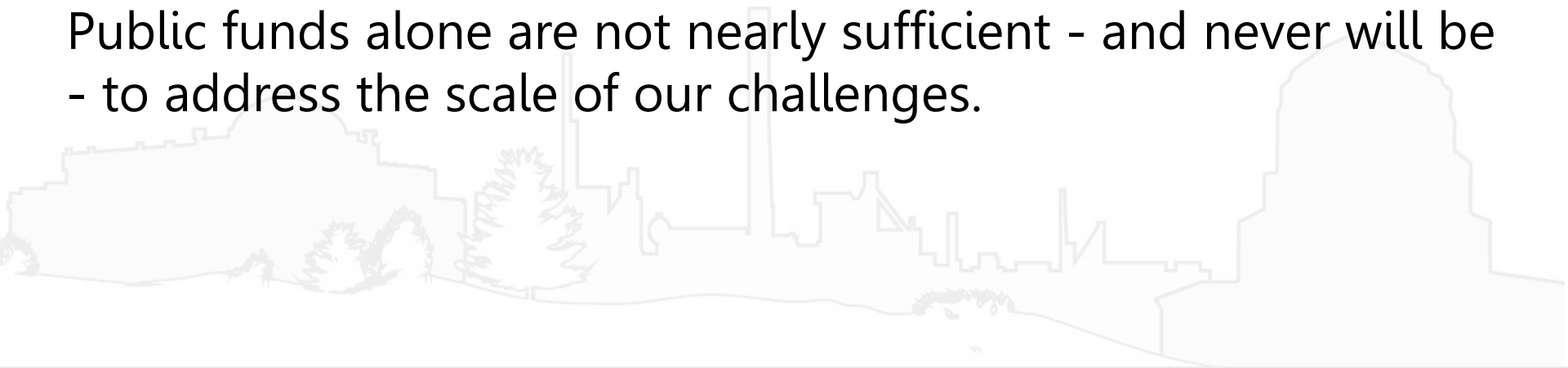
Food For Thought...

There is no blueprint for how to get past the stark economic reality we are in as a city. In the past 50 years, nothing has worked.

We need to think creatively in order to attract actual jobs and meaningful investment.

1 in 5 properties in Gary is on tax sale every single year.

Public funds alone are not nearly sufficient - and never will be
- to address the scale of our challenges.



This only works with genuine civic engagement at public meetings, through contacting your councilmen and councilwomen, through contacting other local officials, and communicating with your neighbors.



Thank you for your time.

Contact Info:

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